



Town of Simsbury

FY 2019/2020 MANAGER'S PROPOSED BUDGET

FEBRUARY 25, 2019

Budget Objectives

1. Maintain current services and programs
2. Advance Board of Selectmen initiatives and priorities
 - Economic Development
 - Financial Management
 - Infrastructure
 - Recreation
3. Maintain and invest in existing assets and infrastructure
 - Focus on cash-to-capital for ongoing and routine capital needs
 - Develop a 6-year plan for smaller value capital needs
4. Improve revenue projections and accounting of revenues

Budget Objectives

5. Strengthen our long-term financial stability
 - Maintain or increase Fund Balance
 - Maintain commitment to funding OPEB and pension liabilities
 - Increase our Health Insurance Fund reserve

6. Change coding on some line items to increase transparency and consistency in reporting methods
 - Examples
 - Parks and Recreation Fund consolidation
 - Dispatch budgeted separately
 - Shared services with Board of Education
 - Dial-A-Ride
 - Housing Authority

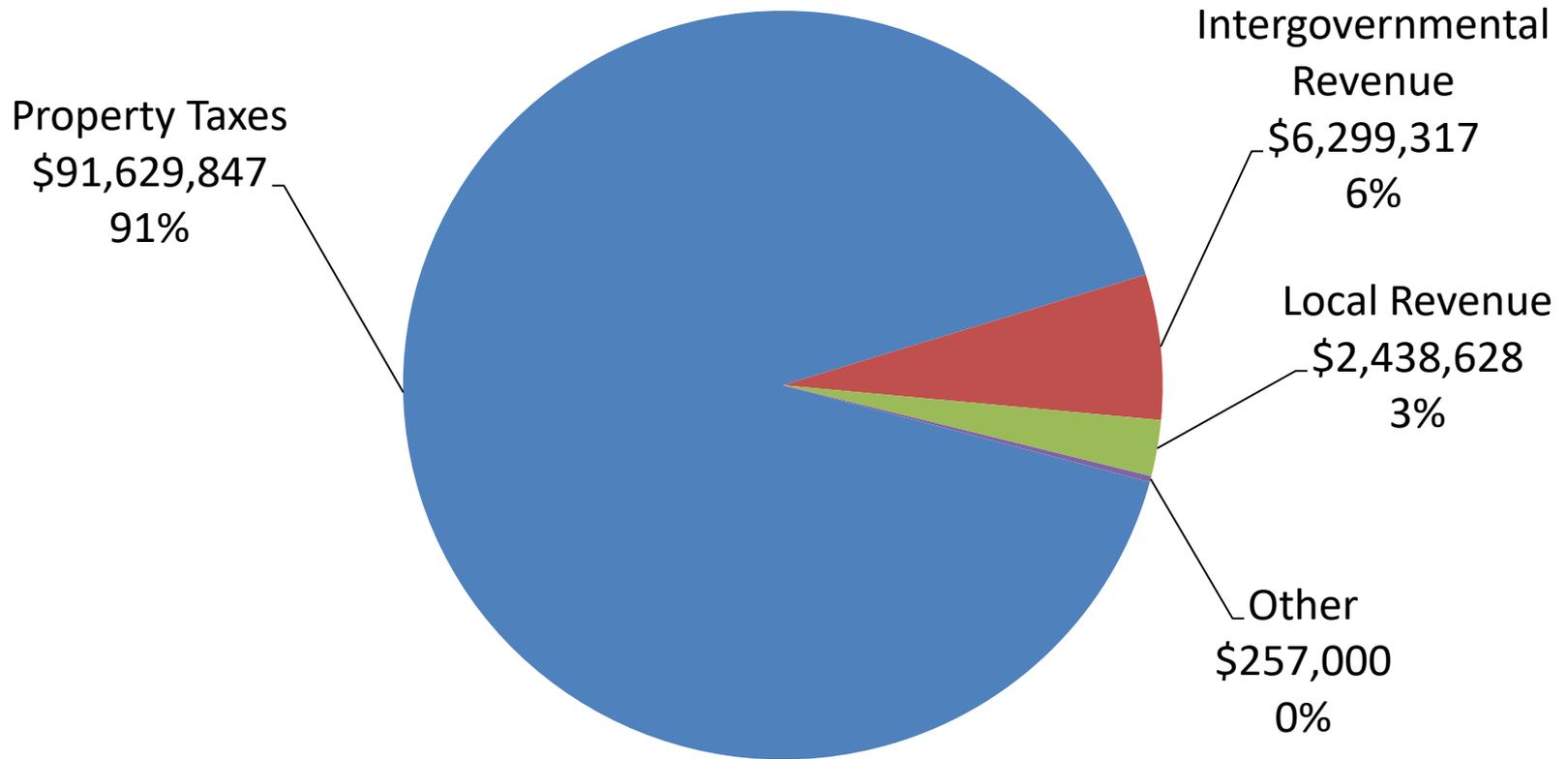
FY 19/20 Budget Overview – General Fund

	<i>Town</i>	\$21,470,899
	<i>BOE</i>	\$70,769,377
	<i>Debt Service</i>	\$4,922,818
	<i>Capital and CNR Contribution</i>	2,502,800
	<i>Non-Public Schools</i>	\$654,432
	<i>Teachers Retirement System Assessment</i>	\$304,466
	General Fund	\$100,624,792

FY 19/20 Budget Overview – Other Funds

Capital Fund (<i>Town and BOE</i>)	\$5,974,910
Capital & Nonrecurring Fund (<i>Town</i>)	\$1,473,860
Parks & Recreation Special Revenue Fund	\$3,371,079
WPCA	\$4,019,347
Residential Rental Property Fund	\$37,372

FY 19/20 General Fund Revenues: \$100,624,792



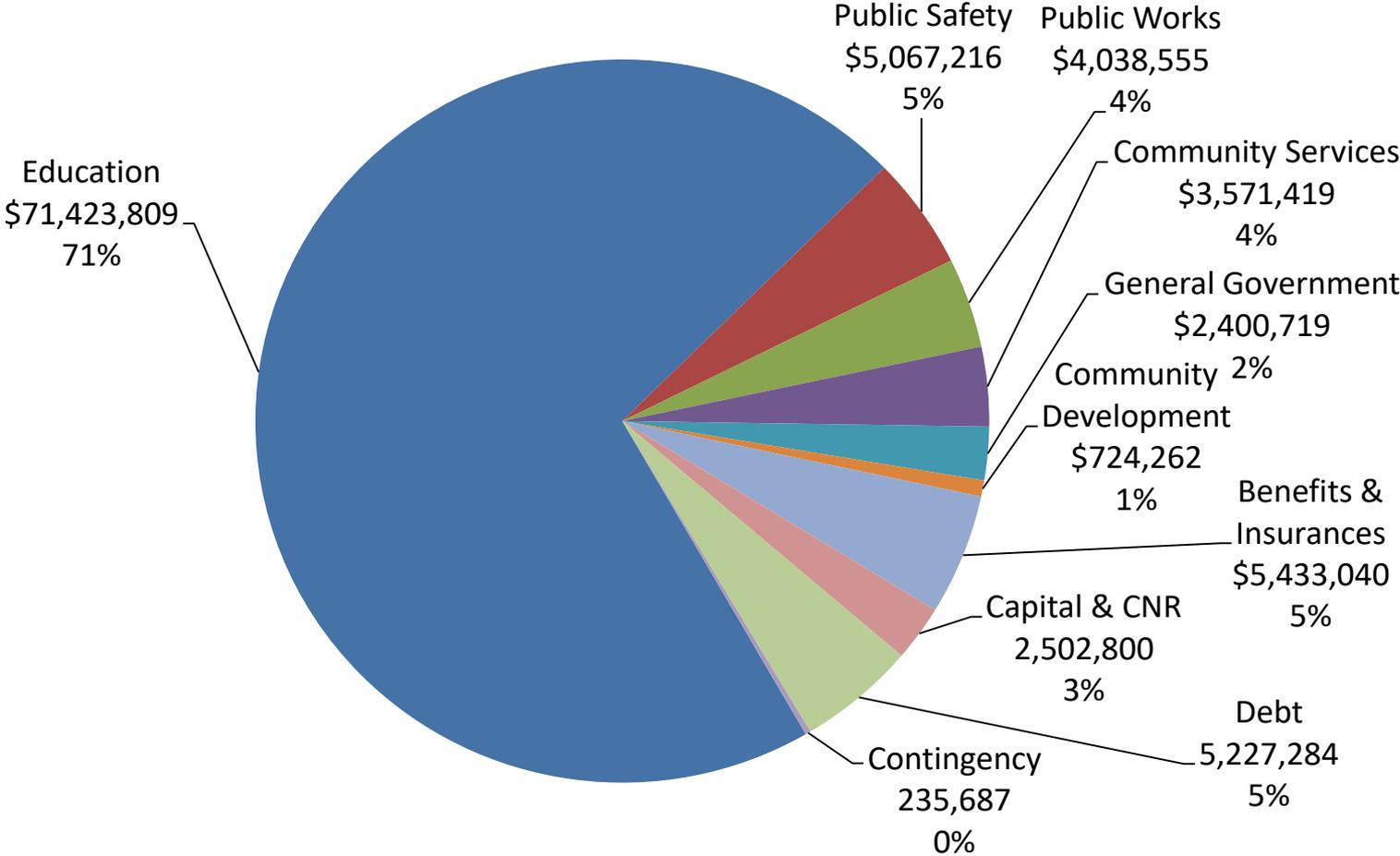
FY 19/20 Revenue Outlook – Grand List

- Grand List increased by 0.85% or \$20,562,945
 - Real estate increased by 0.82% or \$17,757,368
 - Motor vehicle increased by 0.3% or \$574,633
 - Personal property increased by 2.52% or \$2,230,944
 - These numbers are based on the most recent information available but are subject to change based upon the outcome of assessment appeals

FY 19/20 Revenue Outlook

- The state cap of 45 mills on the motor vehicle tax remains
 - Assumption was used for budgeting purposes that motor vehicles will have the same mill rate as real estate and personal property for FY 19/20
- Utilized Governor's proposed budget for state revenues
 - Most state revenues remain flat or decrease slightly except for ECS
 - ECS increases from \$6,039,516 to \$6,126,115, or by \$86,599, 1.4%

FY 19/20 General Fund Expenditures: \$100,624,792



FY 19/20 General Fund Expenditures

	FY 18/19	FY 19/20	\$ Amt. Incr. or Dec.	% Incr. or Dec.
Town	\$20,619,427	\$21,470,899	\$851,472	4.13%
BOE	\$69,041,552	\$70,769,377	\$1,727,825	2.50%
Debt Service	\$4,063,100	\$4,922,818	\$859,718	21.16%
Capital & CNR	\$2,142,800	\$2,502,800	\$360,000	16.80%
Non-Public Schools	\$651,490	\$654,432	\$2,942	0.45%
Teachers Retirement	<u>\$0</u>	<u>\$304,466</u>	<u>\$304,466</u>	<u>-100%</u>
Total	\$96,518,369¹	\$100,624,792¹	\$4,106,423	4.25%

¹Does not include anticipated contribution to Fund Balance

FY 19/20 Expenditure Trends

- \$694,640 (3.40%) increase to Town Government
- \$139,398 decrease would be needed to Town Government to reach Board of Finance 2.72% expenditure increase guidance
 - This would likely result in service reductions and/or or a deviation from existing financial policies and practices (i.e. fund balance, debt service, funding of liabilities)
 - Policy guidance from the Board of Selectmen would be needed to achieve Board of Finance guidance

FY 19/20 Expenditure Trends

- No service improvements included
- Salaries
 - Anticipated general wage increases budgeted in contingency - \$235,687
 - Step increases for police officers - \$126,490 increase
 - Anticipated medical leave coverage in dispatch - \$20,000
- MS4 Stormwater Requirements -\$27,000
 - Unfunded state mandate
 - Reflected within the Public Works budget
- Health District increase of \$16,721

FY 19/20 Expenditure Trends

- Underbudgeted Items
 - Social Security & Medicare -\$105,969 increase
 - Liability and Workers Compensation Insurance -\$17,744 increase
 - Police Overtime -\$25,000 increase
 - Health Insurance -\$330,737 increase
 - Premiums set too low
 - 15% increase in Stop Loss premium
 - Health Insurance Fund reserve is not at recommended levels
 - Recommended levels of 12 to 24 weeks of expected claims
 - Current amount is \$2,179,710 or 8.5 weeks of expected claims
 - Target reserve is a minimum of \$3.6M of expected claims

FY 19/20 Expenditure Trends

- Budgeted true cost of shared services with BOE
 - IT services - \$226,463, an “increase” of \$113,231
 - School resource officers - \$181,800, an “increase” of \$90,900
 - Grounds maintenance (schools) - \$125,341, an “increase” of \$125,341
 - Engineering services - \$202,188, an “increase” of \$20,000
 - Budgeted offsetting revenues so no net impact to budget
- Budgeted true cost of other services
 - Dial-A-Ride- \$166,150, an “increase” of \$42,529
 - Housing Authority- \$11,500, an “increase” of \$11,500
 - VNA Contribution - \$42,150 ,an “increase” of \$6,505

FY 19/20 Expenditure Trends

- New Capital and Capital Non-Recurring (CNR) Policy
 - \$180,000 moved from Public Works operating budget to CNR budget for large truck/plow purchase
 - \$180,000 moved from Public Works operating budget to capital budget for paving
- Teachers Retirement System assessment
 - Estimated required contribution of \$304,466; net impact of \$244,401 based on state revenue projections
 - Proposed under Governor's budget

Parks and Recreation Special Revenue Fund

- The Fund has finished in a deficit position 6 out of 8 years since cost shifts were implemented in 2011
- Community use expenses are being paid for by program fees
 - Staff and administrative costs - \$263,183
 - Building and facilities maintenance - \$86,588
- Fund will need the following to remain in a positive situation:
 - Increased General Fund contribution; or
 - Reduction in services and staffing; or
 - Both
- Budget reflects a consolidated department budget within the Special Revenue Fund with the intent to improve transparency and budgetary monitoring/tracking

Board of Selectmen Initiatives

- Economic Development
 - Main Street Partnership
 - \$45,000, budgeted in existing economic development budget
 - Simsbury Chamber of Commerce
 - \$825, membership dues budgeted in Board of Selectmen budget
 - \$5,000, budgeted in Board of Selectmen budget
 - Business Resource Librarian
 - \$69,850, budgeted in Library budget
 - Wayfinding signage for downtown
 - \$15,000, budgeted in CNR Fund

Board of Selectmen Initiatives

- Financial Management
 - Comprehensive financial management software
 - \$350,000, budgeted in capital
 - Joint initiative with BOE
 - General ledger, purchasing, budget, payroll, human resources information system
 - Operating budget improves transparency in financial reporting
 - Capital budgeting improves capital planning and tracking
 - Budgeting for 6 years in the CNR Fund (new)
 - Demonstrates all sources of revenue, including grant revenues (new)

FY 19/20 Capital Budget Revenues: \$5,974,910¹

Bonds	\$2,895,000	48.4%
General Fund (Cash)	\$1,651,410	27.6%
Federal or State Grants	\$780,000	13.1%
Sewer Use Fund	\$250,000	4.2%
Town Aid Road (TAR)	\$243,500	4.1%
LOCIP	\$155,000	2.6%
TOTAL	\$5,974,910	100%

¹Includes education projects

Capital Fund Revenues

- Cash for capital and CNR contribution remains level funded for 19/20
 - Does not utilize bonding for Town capital projects, which are routine in nature
 - 2nd consecutive year bond funds aren't used for Town capital projects
 - Includes \$180,000 operating budget transfer from Highway budget for Public Works paving (General Fund cash)
 - Pursuant to new capital budgeting policy

FY 19/20 Capital Budget Expenditures: \$5,974,910¹

Education	\$3,675,000	61.5%
Public Works	\$1,485,000	24.9%
General Government	\$400,000	6.7%
Sewer (WPCA)	\$250,000	4.2%
Culture, Parks and Recreation	\$164,910	2.7%
TOTAL	\$5,974,910¹	100%

¹Includes education projects

Capital Fund Projects (Town)

- Public Works
 - Pavement of roads - \$1,185,000
 - Sidewalk resurfacing - \$300,000
- General Government
 - Financial management software system - \$350,000
 - Capital reserve contribution - \$50,000
- Culture, Parks and Recreation
 - Greenway improvements (i.e. resurfacing, fence repairs, tree work) - \$164,910

Capital Fund Projects (Town)

- Capital projects currently lacking sufficient funding
 - 1 Old Bridge Road Park - \$150,000
 - Plan to address with current year unanticipated revenue and a small balance from the acquisition appropriation
 - Seeking FEMA grant funds for demo - \$200,000
 - Public Works garage renovations - \$250,000
 - Plan to address with current year anticipated operating budget savings and a reallocation of salt expenses to Town Aid Road
 - Town Hall parking lot safety improvements and T'ville to downtown bike path connector, which are reflected in out years of CIP

FY 19/20 CNR Budget Revenues: \$1,473,860¹

General Fund (Cash)	\$866,340	58.8%
Town Aid Road (TAR)	\$435,000	29.5%
Sewer Use Fund	\$100,000	6.8%
Private Duty Fund	\$51,520	3.5%
Eno Trust	\$21,000	1.4%
TOTAL	\$1,473,860	100%

¹Does not include education projects

CNR Fund Revenues

- Utilizes \$416,250 5-year payback method (General Fund cash)
- Includes \$270,090 cash for capital from the General Fund
- Includes \$180,000 operating budget transfer from Highway budget for Public Works truck (General Fund cash)
 - Pursuant to new capital budgeting policy
- Cash for capital and CNR contribution remains level funded for 19/20

FY 19/20 CNR Fund Budget Expenditures: \$1,473,860¹

Public Works	\$687,500	46.6%
Culture, Parks and Recreation	\$281,200	19.1%
Police	\$216,520	14.7%
General Government	\$115,000	7.8%
Sewer (WPCA)	\$100,000	6.8%
Library	\$73,640	5.0%
TOTAL	\$1,473,860¹	100%

¹Does not include education projects

CNR Fund Projects (Town)

- Public Works - \$687,500
 - Front end loader - \$195,000
 - Large truck - \$180,000
 - Salt brine system - \$140,000
 - Infrared asphalt trailer - \$37,000
 - Ash Borer tree mitigation - \$36,500
 - Pick-up truck replacement - \$35,000
 - Plow blades - \$28,000
 - Eno clock tower repairs - \$21,000
 - Wayfinding signage - \$15,000

CNR Fund Projects (Town)

- Culture, Parks & Recreation - \$281,200
 - Ice rink condenser unit - \$109,200
 - Ice rink under roof painting - \$50,000
 - Pick-up truck replacement - \$40,000
 - Simsbury Farms pool security fencing - \$30,000
 - Playscapes - \$25,000
 - Plow and sander replacement - \$15,000
 - Paddle courts resurfacing & painting - \$12,000

CNR Fund Projects (Town)

- Police - \$216,520
 - 3 replacement patrol cruisers - \$130,000
 - Interview room audio/video recording system - \$35,610
 - Radio system feasibility study phase II - \$35,000
 - Security camera upgrades - \$15,910
- General Government - \$115,000
 - 2020 Revaluation - \$60,000
 - Telephone system replacement (Town Hall, Eno, Public Works, and WPCA) - \$40,000
 - Deepwater Wind expenses - \$15,000

CNR Fund Projects (Town)

- Sewer - \$100,000
 - Sanitary Sewer Lining - \$100,000
- Library - \$73,640
 - Automated book handler replacement - \$73,640

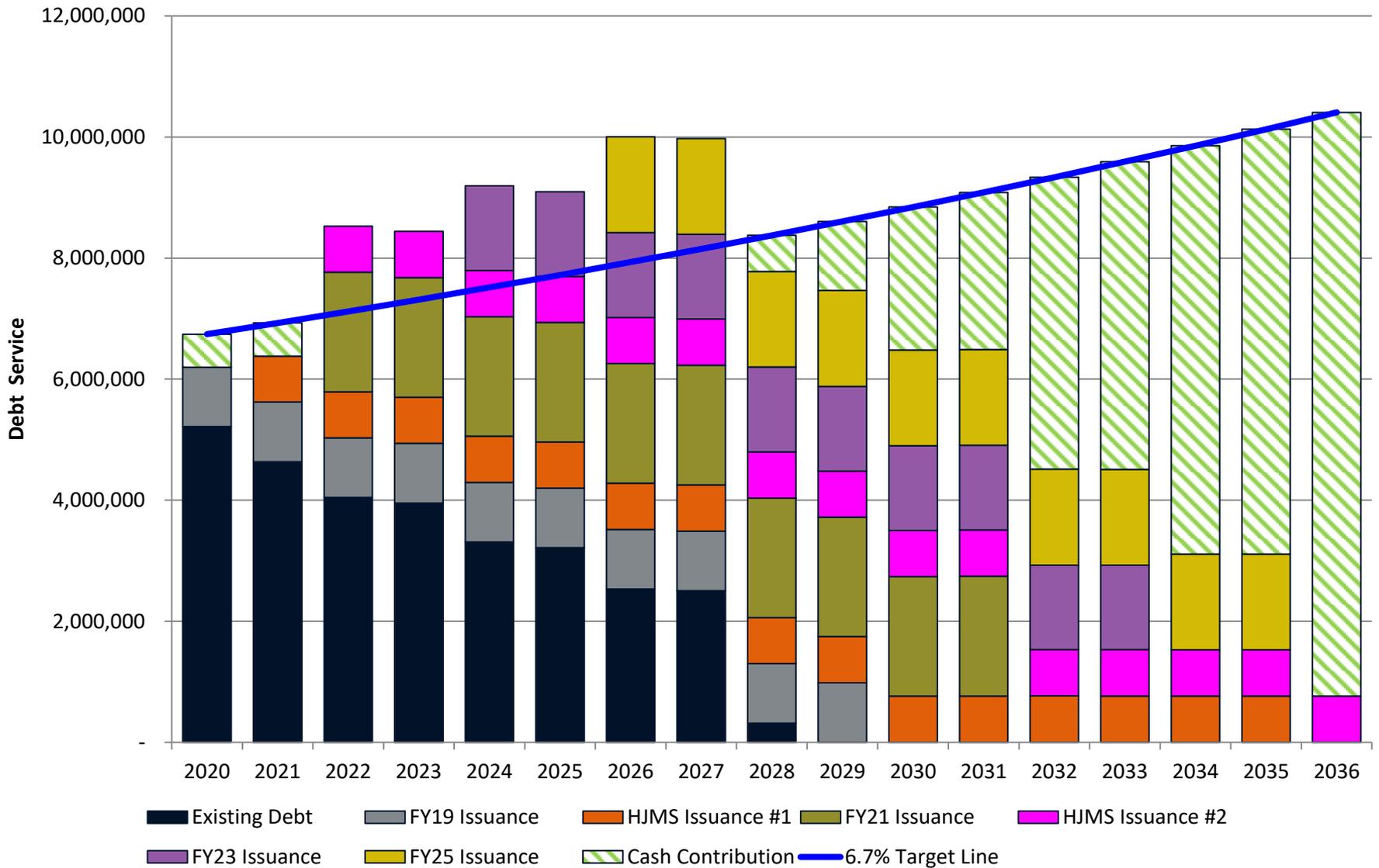
Capital & Debt Service Budget Model

- Existing capital & debt service budget model has challenges
 - Does not include smaller value capital needs and many routine (baseline) capital needs
 - Including cash for capital and debt service in combination in the model has “starved” cash for capital in out years
 - As little-to-no cash for capital is available, we begin to frequently bond for smaller value and routine capital needs that should not be bonded for
 - This creates a cycle of bonding for all capital needs and not being able to pay for baseline capital needs in cash, creating more expense to the Town in the long run

Capital & Debt Service Budget Model

- Existing capital & debt service budget model has challenges (*continued*)
 - The Town has been bonding for cash flow, as opposed to when the bonded project expenses have been approved for bonding
 - This impacts the projections because we need more funds allocated for debt service than what was previously appearing in the model

Capital Budget Planning FY20 - FY25

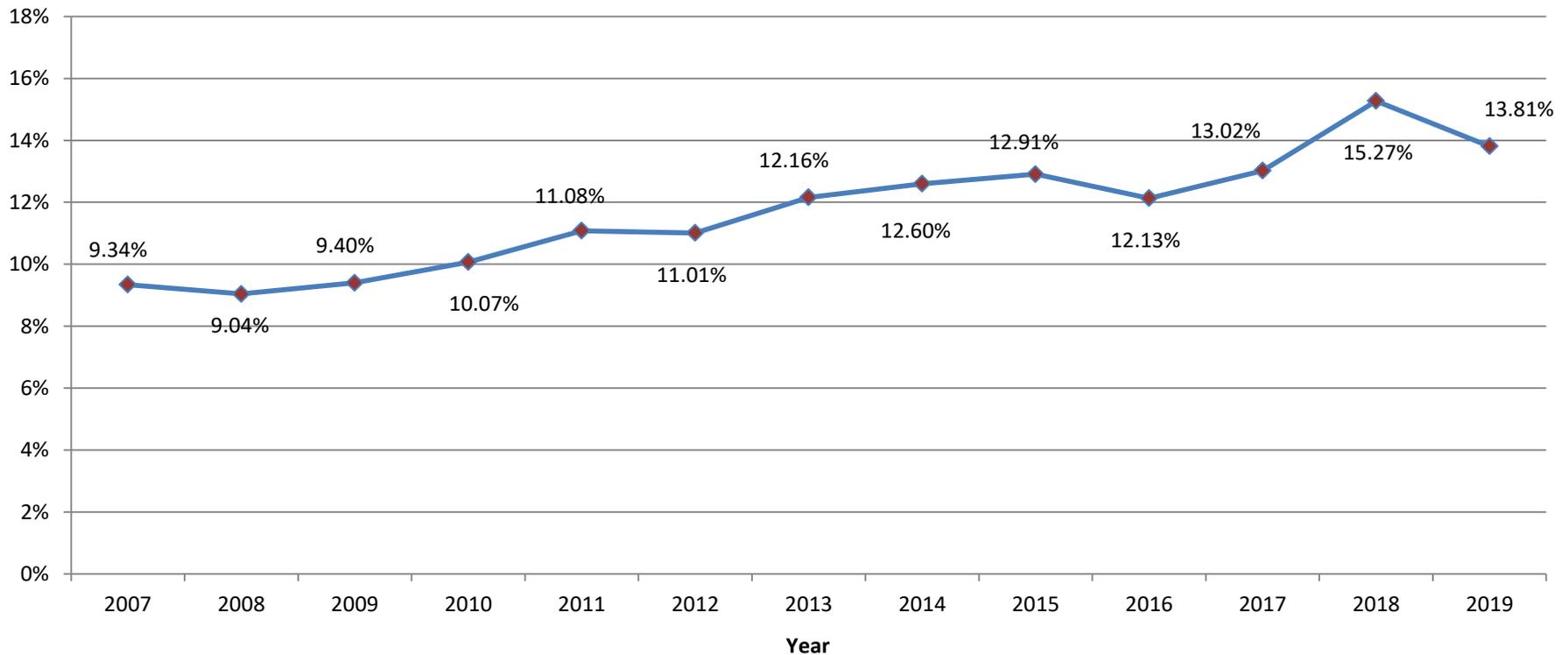


Fund Balance

- Projected Fund Balance contribution of \$844,000
 - Difference between budgeted tax collection rate of 98.5% and anticipated tax collection rate of 99.5%
- Projected Fund Balance
 - 19/20 year-end to be 15%
 - 18/19 year-end to be 14.65% (\$811,000 contribution)
- Since the state's financial crisis has occurred, bond rating agencies are now recommending Fund Balance be 15-17% of General Fund expenditures

Fund Balance - % of Expenditures

Fund Balance as a % of Expenditures



Note: 13.81% 18/19 projection does not include the anticipated contribution to Fund Balance from the difference between the budgeted collection rate (98.5%) and the actual anticipated collection rate (99.5%); with the 18/19 anticipated collection rate 14.65% is projected

Impact on Taxpayer

Sample Tax Impact

On a Median Valued Single Family Home

Current Valuation	\$214,000 ¹
Proposed Taxes (37.57 mills)	\$ 8,040
Current Taxes (36.42 mills)	<u>\$ 7,794</u>
Increase	\$ 246
Percentage Change	3.1%

Based on Manager's proposed budget mill rate increases from 36.42* mills to 37.57 mills

**mills does not include Fire District*

¹Median single family home price, 100% of assessed value is \$306,000. \$214,000 reflects 70% of assessed value.

Where do the Tax Dollars Go?

Education	\$	5,707	70.98%
Debt Service	\$	418	5.19%
Capital and CNR	\$	200	2.49%
Benefits & Insurances	\$	434	5.40%
Public Safety	\$	405	5.04%
Public Works	\$	323	4.01%
Community Services	\$	285	3.55%
General Government	\$	192	2.39%
Community Development	\$	58	0.72%
Contingency	\$	19	0.23%
TOTAL		\$8,040	100%

Budget Summary

- Suggested topics for further discussion
 - Outside agency funding requests
 - Service improvements
 - Increased General Fund contribution to Parks and Recreation Special Revenue Fund for community-use expenditures
 - Health Insurance Fund reserve
 - Pension and OPEB Trust interest rate assumptions
 - Possible use of all or a portion of planned fund balance contribution to fund some combination of above expenditures

Budget Summary

- Suggested future areas of focus
 - Continue to monitor state budget/intergovernmental revenue and teachers retirement system assessment
 - Focus on cash-to-capital for ongoing and routine capital needs
 - Complete analysis regarding Parks and Recreation Special Revenue Fund
 - Complete marketing of stop loss insurance
 - Seek health insurance plan design changes regarding prescriptions through collective bargaining process
 - Continue making improvements to budget document to reflect GFOA recommended best practices

Budget Summary

- Highlights
 - Funds current services and programs
 - Accounts for items previously underbudgeted
 - Invests in existing infrastructure and assets, utilizing cash-for-capital
 - Advances Board of Selectmen initiatives such as economic development and financial management
 - Addresses impact of Governor's budget proposal

Budget Workshop – 3/2/19

Board members are encouraged to:

- ✓ Flag items for further discussion
- ✓ Ask questions
 - When possible, send questions to the Town Manager in advance of the workshop (helps to expedite responses)

Budget Dates

Town Manager budget presentation to Board of Selectmen	February 25, 2019
Board of Selectmen budget workshop	March 2, 2019
Board of Selectmen budget adoption	March 11, 2019
Board of Education budget presentation to Board of Finance	March 12, 2019
Board of Selectmen budget presentation to Board of Finance	March 19, 2019
Board of Finance public hearing on the budget <i>Must be published in newspaper by March 27</i>	April 2, 2019
(Anticipated) Board of Finance hearing continuation and budget approval <i>Budget filed with Town Clerk by May 8</i>	April 23, 2019
Anticipated budget referendum	May 14, 2019

Dates and Times Subject to Revision
